

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

August 5, 2021

The Honorable Marcia L. Fudge
Secretary
U.S. Department of Housing and Urban
Development
451 7th Street, SW
Washington, D.C. 20410

The Honorable Thomas J. Vilsack
Secretary
U.S. Department of Agriculture
1400 Independence Ave, SW
Washington, D.C. 20250

The Honorable Denis R. McDonough
Secretary
U.S. Department of Veterans Affairs
810 Vermont Ave, NW
Washington, D.C. 20420

Secretary Fudge, Secretary McDonough, and Secretary Vilsack:

On June 28, 2021, the Consumer Financial Protection Bureau (CFPB) issued a final rule under the Real Estate Settlement Procedures Act to provide mortgage servicing protections for borrowers affected by the COVID-19 emergency.¹ The rule will go into effect on August 31, 2021. This came on the heels of an important announcement from the Biden Administration and your agencies to extend the federal foreclosure moratorium until July 31, 2021, which has now lapsed.² I write to highlight the gap in foreclosure protections beginning on August 1, the day after the federal foreclosure moratorium expired and August 31, when CFPB's foreclosure protections rule come into effect. The month-long gap in protections leaves communities vulnerable to foreclosure, especially Black and Latinx homeowners who have been disproportionately affected by the pandemic-induced economic downturn. Therefore, it is important for your agencies to take additional steps to prevent unnecessary foreclosures during this critical time.

As you know, the Federal Housing Finance Agency (FHFA) recently announced that they are effectively implementing CFPB's final mortgage servicing rule for servicers under its purview one month before its effective date.³ During August, Fannie Mae and Freddie Mac (GSEs) servicers cannot file initial foreclosures that would otherwise be prohibited under CFPB's final rule. I write to urge the Department of Housing and Urban Development (HUD), the Department of Agriculture (USDA), and the Veterans Administration (VA) to issue similar guidance to ensure that foreclosures during the month of August are allowed only under the circumstances detailed in the CFPB's final rule. Enhancing protections during this

¹ <https://www.federalregister.gov/documents/2021/06/30/2021-13964/protections-for-borrowers-affected-by-the-covid-19-emergency-under-the-real-estate-settlement>

² <https://financialservices.house.gov/news/documentsingle.aspx?DocumentID=408053>

³ <https://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Protects-Borrowers-After-COVID-19-Foreclosure-and-REO-Eviction-Moratoriums-End.aspx>

period is critical to ensure homeowners do not face unnecessary foreclosures during the month of August and before housing counseling funds and Homeowner Assistance Funds provided through the American Rescue Plan Act have reached communities and households. Any gap in coverage threatens to have a disproportionate impact on lower income homeowners and homeowners of color who stand to gain the most from these protections and assistance, and we must do everything we can to prevent it. Even after August, I strongly encourage your agencies to coordinate with the CFPB and to encourage servicers of agency mortgages to do all they can to work with borrowers to prevent unnecessary foreclosures.

I commend HUD's important deadline extension from June 30, 2021 to September 30, 2021 for borrowers to request initial COVID-19 forbearances.⁴ However, I also write to encourage HUD to continue providing all homeowners the full twelve months of forbearance in line with the relief that Congress provided through the CARES Act. As borrowers are given more time to access pandemic forbearance, and as coronavirus cases begin to rise again, HUD should align its forbearance policies with VA, USDA, and the GSEs by not limiting the relief to six months, as HUD has provided under its recent extension. Additionally, HUD should ensure that its policies and procedures under the Federal Housing Administration's (FHA) Home Equity Conversion Mortgage (HECM) program enable senior homeowners to access loss mitigation prior to the initiation of foreclosures. For example, senior HECM borrowers do not currently have options like the partial claims and deferral options made available to GSE and forward FHA mortgage borrowers. As such, please ensure that HECM policies provide borrowers access to permanent deferral of property charge arrears, including tax and insurance arrears, to adequately reflect senior homeowners' needs during the pandemic.

Thank you for your timely attention to this request. I look forward to continuing working with you to build a fair and just mortgage servicing system for all homeowners.

Sincerely,



MAXINE WATERS
Chairwoman

cc: The Honorable Patrick McHenry, Ranking Member

Mr. Dave Uejio, Acting Director, Consumer Financial Protection Bureau

Ms. Sandra Thompson, Acting Director, Federal Housing Finance Agency

⁴ <https://www.hud.gov/sites/dfiles/OCHCO/documents/2021-15hsgml.pdf>